

The Whyte stuff

Whyte Chemicals sees real opportunities in contract and toll manufacturing. Andrew Warmington met up with founder **Melvyn Whyte**

Whyte Chemicals, owner and managing director Melvyn Whyte agrees, is something of a throwback. In today's world of contrived company names that vaguely suggest innovation, competence and intelligence without actually tying the company even to a particular industry, Whyte Chemicals is named after the man who founded it in 1976 and is proud to say that it makes chemicals.

"We're an interesting mish-mash of activities," Whyte says. "I have always likened us to an amoeba, constantly pushing out fingers." The Whyte Group now combines substantial trading activities with a rapidly growing presence in contract and toll manufacturing. It remains based in the UK, but is increasingly active all over the world.

Whyte himself worked for 12 years at Victor Blagden & Co., starting as a field salesman and rising to become general manager and director of three operations. The firm was based in the Mincing Lane area of East London back in the days when there was a substantial chemicals industry there. It had been active in tar chemicals since the 19th century. Since then, it has morphed into Blagden Chemicals and other operations.

"Originally when I made the decision to break away, I would have gone into consultancy but a lot of people wanted me to carry on buying and selling and running trading operations. I am more a trader than a distributor at heart," Whyte says.

For nine years, Whyte Chemicals was essentially a trading operation based in the family home, until it grew too big to be managed there any more. Since then, it has been headquartered in offices along Regents Park Road in Finchley, North London, near where Whyte still lives.

The company is now the flagship subsidiary of the Whyte Group, which is one of the largest privately owned distributors of chemicals in the UK, as well as being active in



The Prime Formulations site brought Whyte Chemicals major new capacity

contract and toll manufacturing, pharmaceutical formulations and APIs. It employs about 200 people worldwide, though mostly in the UK, and turns over about €120 million/year. Obviously, the value of the materials the company handles is much higher but not all of this passes through its hands.

The contract and toll manufacturing business is based around two subsidiaries in the UK. Grosvenor Chemicals is the former Pennine Chemicals, with an 8,000 m² facility on a 2.4 hectare site at Huddersfield, which was acquired in 1988 and now employs about 80 people. Prime Formulations at nearby Denaby, the former Ionic Solutions, was acquired from M&J Polymers in 2009.

The former, Whyte says, was the company's starting point in toll manufacturing. He originally ran it as Whyte Agrochemicals, enjoying a 6-7% market share in the UK at peak. A merger with Nufarm, however, turned out to be badly timed, just as the market went down by 30%. After three years, the venture was wound up and the site continued to toll manufacture for Nufarm.

"At the same time, we put up a GMP plant for synthesis to make products like Hunig's Base, which is still one of our most important," he recalls. "We still do toll work for third parties in agrochemicals and some over-the-counter products."

Grosvenor Chemicals specialises in suspension and emulsifiable concentrates, including pharmaceutical intermediates, agrochemicals, inks, paints, anti-

foam agents, aqueous polymer emulsions and adhesives. It is equipped with a range of multi-purpose formulation and semi-automatic filling facilities.

Capacities are 20 million litres/year for liquid packaging in pack sizes of 25 ml to 25 litres and 4,000 tonnes/year for solids handling in pack sizes from 15 g sachets to FIBCs. Related capabilities include impregnation, micronisation, sieving and classification. The site can also handle hazardous and flammable materials.

Prime Formulations' site features stainless steel mixing vessels and reactors, some of which are fitted with vacuum and condensers to enable reactions to take place under reflux, with the option of condensation, plus glass-lined vessels with vacuum and distillation capabilities. These range from 1,000 litres in the pilot plant up to 40,000 at commercial scale.

The site makes its own range of primary cationic coagulants and emulsion polymers. It can also make customer-specific formulations and polymers, based on the bulk storage of acrylic monomers at the site, including acrylic acid, methylmethacrylate and epichlorohydrin. Products are supplied in a range of containers from 25 kg to bulk.

"There is quite a variety of kit at the plant but it is basically aimed at acrylates, polyacrylates and polymers for use mainly in water treatment, paper, oilfield and exploration applications - in one form or another, it's all about water

treatment," Whyte says. The site had a long-term toll manufacturing relationship with ISP that has continued under Ashland's ownership.

Total capacity at Prime Formulations is about 25,000 tonnes/year. Since the acquisition, Whyte Chemicals has put up a PVAC plant with 10,000 tonnes/year capacity and in April it opened up a 5,000 tonnes/year styrene acrylic polymers plant. The company is now beginning the slow process of converting customers.

Simply by hanging around on the market with some of these capabilities can open up opportunities, Whyte notes. Recent decisions by Celanese to close its Vinamul plant near Liverpool and by Synthomer to back away from the market have left Whyte Chemicals as only one of two merchant suppliers of PVA emulsions in the UK.

"This could be quite a big development for us," Whyte says. Capacity at the Grosvenor site could easily be doubled and might supply both own and toll manufactured products. The main issue is the constantly fluctuating price of the raw material for PVA, vinyl acetate monomer.

"We would like to invest more in our contract and toll manufacturing activities," he adds, "but it will take time to convert customers for what we have now. It is a long process of knocking on doors and sometimes getting them to admit they need us. Plus we have, as a company, tended to hide away from publicity in the past."

Because the company's activities in the field are so diverse, Whyte finds it hard to generalise about the state of the contract and toll manufacturing market. The process by which companies outsource manufacturing then take it back in-house, then farm it out again is by nature unpredictable. However, he thinks there are real opportunities in the current climate.

"While companies are looking to fill their capacity, the toll business is always difficult but if things pick up, then it's an investment decision. Tolling can be a cheap option if you can't get money to invest. If you're a run-of-the-mill toller, customers will come and go - you have to invest in capabilities to make them stay with you," he observes.

Another important point is that using a toll manufacturer can be an effective way of back-integrating into raw materials. It can also give customers greater visibility into the actual costs of manufacturing, all without the overheads of people, sites and kit.

"It's quite an attractive proposition and we are seeing an increasing number of people interested in our model, though of course you have to get to know the customer well before you can have that discussion. Our model is not unique but it's not that common either and an idea doesn't have to be original to be good."

Still within the UK but in other fields altogether, the Whyte Group's Genacys subsidiary invests in embryonic technologies with longer-term market potential. One of its flagship investments is Scionix, a joint venture with the University of Leicester that is commercialising the industrial use of ionic liquids, highly polar solvents that do not exhibit a vapour pressure and can solubilise compounds and salts which normally would only dissolve in highly corrosive or caustic aqueous solutions.

Ionic liquids are used in applications including metal polishing, metal plating, catalyst recycling, cleaning and synthesis. They have not, Whyte agrees, quite lived up to the hype that surrounded them in the early days but Scionix has had some very interesting results in its development work and the JV will continue for the foreseeable future.

The Whyte Group had to withdraw from its newer E-Lab

Direct business, which made ultra-pure solvents and peptide synthesis reagents for laboratories, because of fire damage at the Huddersfield site. However, it remains a major supplier of acetonitrile to a wide variety of users across Europe.

In the second major field of distribution, the Whyte Group's activity can be divided into two roughly equal activities. One deals with resins, paints and construction chemicals from synthesis to formulation, the other is essentially based around organics, synthesising products based on chemistry for the agrochemicals, pharmaceuticals, food and personal care.

There were three subsidiaries in mainland Europe covers, mainly serving the paints, resins, inks, cosmetics and personal care sectors. One in Netherlands in the Benelux countries, Germany, Switzerland, Turkey and the Nordic region, another in Lyon covers France and other francophone regions of Europe, while a third, currently suspended, was based in the Czech Republic and covered Eastern Europe, including Russia and Ukraine.

The company also aims to expand its distribution operations into mainland Europe. The goal is to build a business on the continent that will be as big as the UK business within four to five years, in the three main businesses of surface coatings, acrylates and organics. In pharmaceutical production, it will grow the formulation business in Europe while pursuing backward integration in India and China.

Other Whyte Group companies are found in Spain, France, Holland, Hong Kong, Brazil and Dubai, with sourcing and representative offices in India, Korea, Taiwan, China and Japan. The group also has a 32% stake in Shanghai Whyte Asia Pioneer Pharmaceuticals, a Shanghai-based joint venture making cephalosporin for antibiotics. There are no plans to go into India for manufacturing, Whyte says that he prefers to create jobs in the UK.

For many in the industry who came to it in the past decade, Whyte is probably best known as the leader of the UK distributors industry body Chemical Business Association and a vociferous critic of REACH as it went through the legislative process, as well as of the short-term culture in the UK that



Whyte – Company is entering into a new phase

discourages investment. Experience of REACH to date has not changed his mind.

"It's a disaster creeping up on the European chemicals industry and it's all part of an anti-manufacturing philosophy in Europe in all its elements," he says. "It also reflects the mistaken belief that somehow we're smarter than the Indians and Chinese. Well, they are just as intelligent as us, hungrier and willing to take risks and invest. Europe has become so bureaucratic that the red tape is squeezing the life out of us."

Returning to the point about the Whyte Group having traditionally had a low profile, Whyte says that the company has been through many phases. Over the last ten years or so, it has been essentially a bureaucratic distributor.

"Now we are trying to become an entrepreneurial mix of trading and distribution where we benefit the customer, giving them good service and support but not being hung and drawn by them. To do this, we need to change a built-in mentality and get out of our comfort zone."

To this end, some changes in personnel have already been made in the past year. Bob Gardner has arrived as a director, with a remit to take a commercial overview, looking for new agencies and distributorships outside of the traditional areas of operation and also for new sources of supply and possible JVs.

At about the same time, Alison Taylor arrived as a director and general manager of Whyte Chemicals. Her most significant role, Whyte says, is "her activity in reinvigorating the team". Alan Carradice has also been appointed a director, with responsibility for coatings and resins.

More generally, some 12 young graduates in chemistry and chemical engineering have been taken on in customer interface roles. The hope is that enough will stay the course to become the future leaders of the company. The office in London certainly looks much younger on average than most in the chemicals industry.

"A lot of things can come out of just chatting to people and keeping on top of what is going on," Whyte remarks. "Although the industry is stagnant in some ways, quite a lot of change is often catalysed by things that aren't logical. The industry is all about people and you need to talk to them to know what is really going on."

These changes are already making a difference, he adds. "We have a keener focus on what we are trying to do and what we have to do better. It is a tough world out there and we are in the survival business. We have to be sharp and flexible."

As a mid-sized player, Whyte Chemicals has to be aware of the possibility of industry consolidation. However, while admitting that access to finance is a big challenge, Whyte himself thinks that the company is in a good spot. While the big distributors and CMOs soak up the big business, the opportunities around the edges for specialists are actually growing.

"We try to think small, that's what differentiates us from the giants. Their blueprint for dominance may suit the big producers, but they are not always liked. Our model is uncommon and it is flexible. We want to be known as 'the nice people', because I think that customers prefer to do business with people they like, all other things being equal."

■ Contact

Bob Gardner
Director
Whyte Chemicals Ltd.
Marlborough House
298 Regents Park Road
Finchley
London N3 2UA
UK
Tel: +44 20 8346 5946
E-mail: bob@
whytechnicals.co.uk
Website:
www.whytechnicals.co.uk